

Veracity OSI UK Limited

Annual Report and Financial Statements for the year ended

31 December 2020

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Company registration number 08395304 (England and Wales)



Veracity OSI UK Limited

Company information

Directors	S Sembi K Suzuki Y Ono
Company number	08395304
Registered office	9th Floor, Peninsular House 30-36 Monument Street London EC3R 8LJ
Auditor	Deloitte LLP Statutory Auditor 1 New Street Square London United Kingdom EC4A 3HQ

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Veracity OSI UK Limited

Balance Sheet

As at 31 December 2020

	Note	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Fixed assets			
Tangible assets	4	5,055	2,333
		<u>5,055</u>	<u>2,333</u>
Current assets			
Debtors	5	2,976,926	3,158,643
Cash at bank and in hand		3,416,919	1,528,179
		<u>6,393,845</u>	<u>4,686,822</u>
Less creditors: amounts falling due within one year	6	(1,158,260)	(877,241)
Total assets less current liabilities		<u>5,240,640</u>	<u>3,811,914</u>
Net assets		<u>5,240,640</u>	<u>3,811,914</u>
Capital and reserves			
Called up share capital	7	100	100
Profit and loss account		5,240,540	3,811,814
		<u>5,240,640</u>	<u>3,811,914</u>
Total Equity		<u>5,240,640</u>	<u>3,811,914</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 16 April 2020 and are signed on its behalf by:



S Sembi

Director

Company Registration No. 08395304

Veracity OSI UK Limited**Statement of Changes in Equity
For the year ended 31 December 2020**

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2019	100	3,007,481	3,007,581
Profit for the financial year		2,717,242	2,717,242
Total comprehensive income	-	2,717,242	2,717,242
Dividend	-	(1,912,909)	(1,912,909)
At 31 December 2019	100	3,811,814	3,811,914
Profit for the financial year	-	2,522,726	2,522,726
Total comprehensive income	-	2,522,726	2,522,726
Dividends paid	-	(1,094,000)	(1,094,000)
At 31 December 2020	100	5,240,540	5,240,640

**Notes to the financial statements
For the year ended 31 December 2020**

1. Company information

Veracity OSI UK Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The registered office is 9th Floor, Peninsular House, 30-36 Monument Street, London, EC3R 8LJ, United Kingdom.

2. Basis of preparation

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

The financial statements have been prepared using the going concern basis of accounting based on the directors' assessment of future forecasts.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it under Section 1 paragraph 12. Exemptions have been taken in relation to presentation of a cash flow statement and remuneration of key management personnel. The parent of the group in whose consolidated financial statements the Company's financial statements are included is Outsourcing Inc and its financial statements are readily available as set out in note 11.

3. Accounting policies

3.1 Turnover

Turnover represents fees receivable for the provision of financial and business consultancy services net of VAT. Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion is recognised at the contractual rates as labour hours are delivered and direct expenses incurred.

3.2 Leases

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as

Notes to the financial statements
For the year ended 31 December 2020

liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3.3 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

3.4 Financial instruments

The company has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS 102 to all of its financial instruments. Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are

Notes to the financial statements
For the year ended 31 December 2020

retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

3.5 Fixed assets

Fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Office equipment – 5 years

Computer equipment – 3 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

3.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

3.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

**Notes to the financial statements
For the year ended 31 December 2020**

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Where it is not considered probable that there will be a future outflow of funds to a tax authority no provision is recognised; however, inherent uncertainties exist in estimating the probability of potential tax contingencies and the extent of any consequent liabilities due to complexities of interpretation and changes in tax laws and it is possible that a liability may turn out to be required. In such event the company would be required to make an adjustment in a subsequent period which could have an effect on the company's profit and loss and/or cash position.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Notes to the financial statements
For the year ended 31 December 2020

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3.8 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

3.9 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the opinion of the directors, there are no critical accounting policies or key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Fixed assets

	Computer equipment £	Office equipment £	Total £
Cost			
Balance at 1 January 2020	3,841	1,416	5,257
Additions	4,564	-	4,564
Disposals	(2,800)	-	(2,800)
Balance at 31 December 2020	5,605	1,416	7,021
Accumulated depreciation			
Balance at 1 January 2020	2,310	614	2,924
Depreciation	1,559	283	1,842
Disposals	(2,800)	-	(2,800)
Balance at 31 December 2020	1,069	897	1,966
Net book value 31 December 2020	4,536	519	5,055
Net book value 31 December 2019	1,531	802	2,333

5. Debtors

2020

2019

Notes to the financial statements
For the year ended 31 December 2020

	£	£
Amounts falling due within one year		
Trade debtors – third party	91,365	262,604
Trade debtors – intercompany	2,102,422	1,532,148
Accrued income – third party	539,907	440,264
Accrued income – intercompany	191,427	832,490
Prepayments	40,859	91,137
Prepayments - intercompany	10,000	-
Other debtors	946	-
	<u>2,976,926</u>	<u>3,158,643</u>

6. Creditors

	2020 £	2019 £
Amounts falling due within one year		
Trade creditors	91,709	42,775
Deferred income	-	15,000
Other creditors	1,838	5,763
Corporation tax	215,687	309,653
Other taxation and social security	59,305	35,171
Accrued expenses	789,721	468,879
	<u>1,158,260</u>	<u>877,241</u>

7. Called up share capital

	2020 £	2019 £
Ordinary share capital – allotted, called up and fully paid		
1000 shares of 10p each	100	100
	<u>100</u>	<u>100</u>

8. Related party transactions

During the year, the company provided business services of £3,278,864 to Outsourcing, Inc, the ultimate parent (2019 - £2,430,370). Included in debtors at year end is £1,805,365 due from Outsourcing, Inc (2019 - £1,287,658). There are no amounts included in accrued income at year end (2019 - £717,713).

During the year, the company provided business services of £622,863 to Allen Lane Limited, a fellow subsidiary of Outsourcing Inc., (2019 – £1,251,976). Included in debtors at year end is an amount of £22,857 (2019 - £44,490). Included in accrued income at year end is an amount of £121,427 (2019 - £24,777).

During the year, the company provided business services of £135,000 to American Engineering Corporation, a fellow subsidiary of Outsourcing, Inc. At year end there £135,000 included in debtors for American Engineering Corporation (2019 - nil).

**Notes to the financial statements
For the year ended 31 December 2020**

During the year, the company provided business services of £120,000 to Liberata UK Limited, a fellow subsidiary of Outsourcing Inc., (2019 – nil). There are no amounts included in debtors at year end (2019 - nil).

During the year, the company provided business services of £126,000 to Outsourcing UK Limited, a fellow subsidiary of Outsourcing Inc., (2019 – nil). £49,200 is included in debtors at year end (2019 - nil).

During the year, the company provided business services of £70,000 to Bluefin Resources group Pty Limited, a fellow subsidiary of Outsourcing Inc., (2019 – nil). £70,000 is included in accrued income at year end (2019 - nil).

During the year, the company provided business services of £60,000 to OSI Netherlands Holdings B.V., a fellow subsidiary of Outsourcing Inc., (2019 – nil). £60,000 is included in debtors at year end (2019 - nil).

During the year the company provided business services of £25,000 to CDER Group Limited, a fellow subsidiary of Outsourcing, Inc. (2019 - £390,800). There are no amounts included in accrued income at year end (2019 - £90,000). There is £30,000 included in debtors at year end from CDER Group Limited (2019 - nil).

During the year, the company did not provide services to Outsourcing Oceania Holdings Pty Limited, a fellow subsidiary of Outsourcing, Inc. (2019 - £440,000). There are no amounts included in debtors at year end (2019 - £200,000).

During the year, Allen Lane Limited provided business services of £665,933 to the company (2019 – nil). There is £53,775 due to Allen Lane Limited at year end (2019 - nil).

During the year, the company paid rent of £109,070 to CDER Group Limited (2019 - £34,140). An amount of £10,272 due to CDER Group Limited is included in accounts payable at year end (2019 – nil).

During the year, Ntrinsic Limited, a fellow subsidiary of Outsourcing, Inc., provided business services of £4,750 to the company (2019 – nil). There are no amounts included in accounts payable at year end (2019 - nil).

During the year, Outsourcing UK Limited provided business services of £2,000 to the company (2019 – nil). The company has a prepayment to Outsourcing UK Limited included in receivables at year end of £10,570 (2019 - nil).

During the year, Liberata UK Limited provided business services of £1,081 to the company (2019 – nil). There are no amounts due to Liberata UK Limited at year end (2019 - nil).

Outsourcing Inc. provided IT services of £602 to the company (2019 – nil). At year end there is £251 due to Outsourcing Inc. included in payables (2019 – nil).

Notes to the financial statements
For the year ended 31 December 2020

9. Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

- The auditor's report was unqualified;
- The Senior Statutory Auditor was Kevin Thompson; and
- The auditor was Deloitte LLP.

10. Post balance sheet event

On 29 March 2021, a dividend payment of £2,717,814 was made.

11. Parent company

The Company is a subsidiary undertaking of Outsourcing UK Limited, an immediate parent company registered in England and Wales. The registered address of Outsourcing UK Limited is Floor 9 Peninsular House, 30-36 Monument Street, London, England, EC3R 8LJ. The smallest group of which the results of the Company are consolidated is that headed by Outsourcing UK Limited, and the largest group of which the results of the Company are consolidated is that headed by Outsourcing Inc, the ultimate parent company incorporated in Japan. The consolidated financial statements of the group headed by Outsourcing Inc are available to the public and may be obtained from its registered office, 19F Marunouchi Trust, Tower Main, 1-8-3 Marunouchi, Chiyoda-Ku, Tokyo, Japan, 100-0005.